

Acknowledgement Copy

LAW OFFICES

VERNER, LIIPFERT, BERNHARD, McPHERSON AND HAND

CHARTERED

SUITE 700
901-15TH STREET, N.W.
WASHINGTON, D.C. 20005-2301

(202) 371-6000

TELEX: 1561792 VERLIP UT

TELECOPIER: (202) 371-6279

HOUSTON OFFICE

6901 TEXAS COMMERCE TOWER
600 TRAVIS
HOUSTON, TEXAS 77002
(713) 237-9034
TELECOPIER: (713) 237-1216

VIRGINIA OFFICES

8280 GREENSBORO DRIVE MCLEAN, VIRGINIA 22102 (703) 749-6000 TELECOPIER: (703) 749-6027	10484-A ARMSTRONG STREET FAIRFAX, VIRGINIA 22030 (703) 591-2883 TELECOPIER: (703) 385-7998
---	---

TERRENCE J. MCCARTIN
DEAN R. BRENNER
FRANCES C. DELAURENTIS
LAWRENCE N. COOPER*
DON C. LEWIS*
LINDA E. COLLIER*
REBECCA M.J. GOULD*
JOHN S. MOOT
MARK R. LEWIS
SCOTT K. DAINES*
LESLIE B. KRAMERICH*
E. JOHN KRUMHOLTZ
MICHAEL E. BELLER
LISA J. GEFEN
MICHAEL H. TECKLENBURG*
RICHARD J. BIFFL*
SHARI B. GERSTEN*
PETER A. GOULD
WILLIAM E. VINCENT
JOHN B. BRITTON
ANDREW D. ESKIN
MARIE L. MILLER**
GUY A. MORLEY*

BRIAN A. MIZOGUCHI
JOHN R. MIETUS, JR.
BONNIE M. DEUTSCH
JACQUELINE R. KINNEY
KRISTA L. POOL*
JEANETTE M. PABLO
KATHERINE A. ELLIS*
SUSAN G. BLUMENTHAL*
HEDY L. NELSON
GLENN R. MOORE*
BARBARA L. BURTON
DAVID TONG ZHANG*
THOMAS K. JONES*
STUART J. RABIN*
ERIC T. WERNER*
DIANE ULLA MAGE
CHRIS B. WETHERINGTON*
JOHN A. ORDWAY, JR.
BETH WOLFFE
DOUGLAS W. HALL
LISA MORRIS DEAN
J. GREGORY BISHOP

OF COUNSEL

MARY K. WILLIAMS*
JOSEPH E. BRENNAN*
STEPHEN W. VAN HOOSER*
GENE R. SCHLESINGER*
J. ROBERT KIRK*
JAMES K. JACKSON

* NOT ADMITTED IN
* ADMITTED IN VIRGINIA
* ADMITTED IN TEXAS

JAMES M. VERNER*
EUGENE T. LIIPFERT
EMERITUS
BERL BERNHARD
HARRY MCPHERSON
LLOYD N. HAND*
RONALD B. NATALIE
WILLIAM C. EVANS
MICHAEL J. ROBERTS
FRITZ R. KAHN
BERNHARDT K. WRUBLE
THOMAS J. KELLER
JOHN A. MERRIGAN
JOSEPH L. MANSON, III
WILLIAM H. CRISPIN*
CLINTON A. VINCE
GLEN L. ORTMAN
ERWIN G. KRASNOW
JAMES F. HIBEY
RUSSELL E. POMMER
GEORGE M. FOOTE, JR.*
BUEL WHITE*
WILLIAM F. ROEDER, JR.*
ROY G. BOWMAN
AMY L. BONDURANT
HOPEWELL H. DARNEILLE, III
DOUGLAS OCHS ADLER

LOUIS F. BESIO
VICE PRESIDENT FOR
FINANCE AND ADMINISTRATION

WRITER'S DIRECT DIAL NUMBER
(202) 371-6084

17835
JUN 30 1992 - 11 50 AM
INTERSTATE COMMERCE COMMISSION

2-182A014

June 30, 1992

Honorable Sidney Strickland, Jr.
Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Mr. Secretary:

I have enclosed an original and one counterpart copy of each of the two documents described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

1) The first document is a Deed to Secure Debt, Assignment of Rents and Security Agreement, a primary document, dated December 31, 1991.

The names and addresses of the parties to this document are as follows:

Grantor: Valdosta Railroad, L.P.
2605 Thomas Drive
Panama City, Florida 32408

Grantee: Valdosta Southern Railroad Company
Highway 31 South
Clyattville, Georgia 31601

17835
JUN 30 1992 - 11 50 AM
INTERSTATE COMMERCE COMMISSION

*(1) Described in
Jury Panel*

The Honorable Sidney Strickland
June 30, 1992
Page 2

A description of the equipment covered by this document follows:

Two Locomotives:

- 1) Engine No. 184 and
- 2) Engine No. 1284; and

One Cupola Type Caboose

2) The second document is a Mortgage, Assignment of Rents and Security Agreement, a primary document, dated December 31, 1991.

The names and addresses of the parties to this document are as follows:

Grantor: Tomahawk Railway, Limited Partnership
2605 Thomas Drive
Panama City, Florida 32408

Grantee: Marinette, Tomahawk and
Western Railroad Company
310 South Marinette Street
Tomahawk, Wisconsin 54487

A description of the equipment covered by this document follows:

Three (3) Locomotives:

- 1) Engine No. 80
- 2) Engine No. 83; and
- 3) Engine No. 87

One (1) Parade Float-Locomotive
One (1) Parade Float-Boxcar
One (1) Parade Float-Wood Gondola
One (1) Parade Float-Caboose

One (1) Caboose

A fee of \$32.00 is enclosed. Please return the originals and any extra copies not needed by the Commission for recordation to:

The Honorable Sidney Strickland
June 30, 1992
Page 3

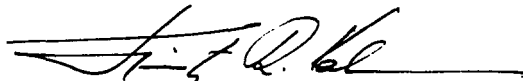
Fritz R. Kahn
Verner, Liipfert, Bernhard
McPherson & Hand
901 15th Street, N.W. Suite 700
Washington, D.C. 20005

A short summary of the documents to appear in the index follows:

1) Deed to Secure Debt, Assignment of Rents and Security Agreement, a primary document dated December 31, 1991, between Valdosta Railroad L.P., 2605 Thomas Drive, Panama City, Florida 32408, grantor, and Valdosta Southern Railroad Company, Highway 31 South, Clyattville, Georgia 31601, grantee, and covering two Locomotives: 1) Engine No. 184 and 2) Engine No. 1284 and one Cupola Type Caboose.

2) Mortgage, Assignment of Rents and Security Agreement, a primary document, dated December 31, 1991 between Tomahawk Railway, Limited Partnership, 2605 Thomas Drive, Panama City, Florida 32408, grantor, and Marinette, Tomahawk and Western Railroad Company, 310 South Marinette Street, Tomahawk, Wisconsin 54487, grantee, and covering Three (3) Locomotives: 1) Engine No. 80; 2) Engine No. 83; and 3) Engine No. 87; One (1) Parade Float-Locomotive; One (1) Parade Float-Boxcar; One (1) Parade Float-Wood Gondola; One (1) Parade Float-Caboose and One (1) Caboose.

Very truly yours,



Fritz R. Kahn
Attorney at Law

Enclosures

This document drafted by
H. Vincent Draa
P.O. Box 2511
Houston, Texas 77252

17835 - A
RECEIVED

JUN 30 1992 - 11 50 AM

INTERSTATE COMMERCE COMMISSION

THIS INSTRUMENT IS A PURCHASE MONEY MORTGAGE.
THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE
INDEX OF FINANCING STATEMENTS. THIS
INSTRUMENT CONVEYS A SECURITY INTEREST IN
GOODS WHICH ARE OR ARE TO BECOME FIXTURES.

MORTGAGE

ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

STATE OF ILLINOIS

COUNTY OF COOK

THIS MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (this "Mortgage") made as of the 31st day of December, 1991, by and between, TOMAHAWK RAILWAY, LIMITED PARTNERSHIP, a Wisconsin limited partnership ("Grantor"), whose address is 2605 Thomas Drive, Panama City, Florida, and MARINETTE, TOMAHAWK AND WESTERN RAILROAD COMPANY, a Wisconsin corporation ("Grantee"), whose place of business is 310 South Marinette, St., Tomahawk, Wisconsin 54487.

W I T N E S S E T H :

That, WHEREAS, Grantor is justly indebted to Grantee in the sum of \$2,862,000 in lawful money of the United States, and has agreed to pay the same, with interest thereon, according to the terms of a certain Subordinated Secured Note (the "Note") given by Grantor to Grantee, bearing even date herewith, with final payment being due on or before December 31, 2001, the Note, by reference, being made a part hereof;

NOW, THEREFORE, THIS MORTGAGE WITNESSETH:

That, in order to secure the payment of the principal, interest, and premium, if any, on the Note, the payment of any and all other indebtedness of Grantor to Grantee, of whatever nature, whether direct, indirect, or contingent, joint and/or several, whether incurred heretofore, herewith, or hereafter, and to secure the performance and observance by Grantor of each and every term, covenant, agreement, and condition contained herein, in the Note, the Loan Instruments (as hereinafter defined), and in all other agreements between Grantor and Grantee, whether now or at any time hereafter existing, and in consideration of the purchase and acceptance by Grantee of the Note and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Grantor, Grantor has granted, bargained, sold, aliened, released, remised, transferred, mortgaged, conveyed, pledged, warranted, and granted a security interest in, and by these presents does hereby grant, bargain, sell, assign, alien, release, remise, transfer, mortgage, convey, pledge, grant a security interest in, and warrant and confirm unto Grantee, its successors and assigns, forever, all and singular the following described properties (the "Premises"), to-wit:

ALL THAT TRACT OR PARCEL OF LAND MORE PARTICULARLY DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF (hereinafter called the "Property");

TOGETHER WITH, all rents, issues, profits, royalties, income and other benefits derived from the Property (hereinafter collectively called the "rents"), subject to the right, power and authority hereinafter given to Grantor to collect and apply the rents;

TOGETHER WITH, all leasehold estate, right, title and interest of Grantor in and to all leases or subleases covering the Property or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Grantor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

TOGETHER WITH, all right, title and interest of Grantor in and to all options to purchase or lease the Property or any portion thereof or interest therein, and any greater estate in the Property now owned or hereafter acquired;

TOGETHER WITH, all interests, estate or other claims, both in law and in equity, which Grantor now has or may hereafter acquire in the Property;

TOGETHER WITH, all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights;

TOGETHER WITH, all right, title and interest of Grantor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, opened or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Property;

TOGETHER WITH, any and all buildings and improvements now or hereafter erected thereon (hereinafter collectively called the "Improvements");

TOGETHER WITH, all machinery, apparatus, equipment, fittings, fixtures, whether actually or constructively attached to the Property and including all trade, domestic and ornamental fixtures, and articles of personal property of every kind and nature whatsoever conveyed to Grantor pursuant to the Asset Purchase Agreement dated December 31, 1991 between Grantor, Grantee, Packaging Corporation of America and Rail Management and Consulting Corporation (the "Purchase Agreement") (hereinafter collectively called the "Personal Property"), including, but without limiting the generality of the foregoing, all machinery, equipment, tangible assets of every kind and description owned, used or employed in the operation of the Business, and other personal property, fixtures and improvements situated upon the Property or used or held for use in the Business including, without limitation, all

(A) tracks, ties, ballast, sidings, connecting tracks, lead tracks and turnouts, trestles, bridges, culverts, pole lines, communication equipment, signals, buildings, depots, locomotive/freight car repair shops, yards and other appurtenances;

(B) locomotives, boxcars and other freight cars identified on Exhibit "B" hereto;

(C) maintenance-of-way and other equipment (including spare parts and tools) identified on Exhibit "B" hereto:

(D) rail, bridge and other track materials (including spare parts and tools):

(E) automobiles, trucks and other vehicles identified on Exhibit "B" hereto;

(F) locomotive and freight car maintenance material (including spare parts and tools); and

(G) radios, hot box detectors and microwave equipment identified on Exhibit "B" hereto;

and all replacements of all of the foregoing except with respect to replacements in the ordinary course of business; (Grantor hereby agreeing with respect to all replacements to execute and deliver from time such further instruments as may be requested by Grantee to confirm the conveyance, transfer and assignment of any of the foregoing);

TOGETHER WITH, all the estate, right, title, interest and other claim or demand, including claims or demands with respect to the proceeds of insurance which Grantor now has or hereafter may acquire in the Property, Improvements, and Personal Property, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Property and Improvements, including without limitation any awards resulting from a change of grade of streets and awards for severance damages;

TOGETHER WITH, all contracts and agreements and all permits and licenses for the utilization and operation of the Improvements, including without limitation all building permits, variances and special use permits, agreements with and letters of assurance and availability from providers of utilities, curb cut and other access permits, reports of soils exploration and testing, agreements with construction contractors, agreements with architects, and plans and specifications for the Improvements;

TOGETHER WITH, all of Grantor's right, title and interest in and to tradenames, trademarks, service marks, logos and goodwill now or hereafter used, reserved, or otherwise related to the Premises, as hereafter defined; and

TO HAVE AND TO HOLD all the aforesaid Property, Improvements, Personal Property, rents, property rights, contract rights, estates, interests, title and claims (all of which are collectively referred to herein as the "Premises") to the use, benefit and behoof of the Grantee, forever, in fee simple.

Grantor warrants that Grantor has such title to the Premises as was conveyed to it by Grantee pursuant to the Purchase Agreement, and to such extent is lawfully seized and possessed of the Premises and every part thereof, and has the right to convey the same; subject to the foregoing, the Premises are unencumbered except for the Permitted Exceptions and the lien of the Primary Lender which for purposes of this Mortgage will be considered a Permitted Exception and to such extent Grantor will forever warrant and defend the title to the Premises unto Grantee against the claims of all persons whomsoever except as to the Permitted Exceptions.

Notwithstanding any provision or agreement in this Mortgage to the contrary, Grantee agrees that its Lien, any and all liens and security interests of Grantee hereunder, all

other rights granted to Grantee hereunder, and all agreements and obligations of Grantor hereunder, shall be secondary and subordinate, in toto, to the lien, security interest and all other rights granted or to be granted to or in favor of a Primary Lender. Grantee further agrees to execute such agreements and instruments as Grantor or the Primary Lender shall from time to time reasonably request in order to fully effect such subordination to the reasonable satisfaction of the Primary Lender.

This instrument is a mortgage and security agreement and is made and intended to secure the following:

a. Payment of the indebtedness with interest thereon evidenced by the Note, which has been delivered to and is payable to the order of Grantee, and any and all modifications, extensions, renewals and substitutions thereof;

b. Performance of all obligations of Grantor contained in this Mortgage and the Note or any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby;

c. Payment of any and all other indebtedness now owing or which may hereafter be owing by Grantor to Grantee, however and whenever incurred.

All of the foregoing obligations secured hereby are collectively referred to herein as the "Secured Indebtedness".

This Mortgage, the Note and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby may collectively be referred to herein as the "Loan Instruments".

TO PROTECT THE SECURITY OF THIS MORTGAGE, GRANTOR HEREBY COVENANTS AND AGREES UNTO GRANTEE AS FOLLOWS:

ARTICLE I

DEFINITIONS

1.01 Defined Terms. As used in this Mortgage, terms defined in the Purchase Agreement shall have their defined meanings when used herein, unless otherwise defined herein, and the following terms shall have the following meanings:

"Indebtedness" shall mean and include, without duplication:

(i) All obligations which, in accordance with generally accepted accounting principles, should be

classified on the Grantor's balance sheet as liabilities, other than (a) current liabilities incurred in the ordinary course of business of Debtor and which do not represent extensions of credit to the Grantor or (b) deferred taxes, deferred credits, pension and deferred compensation, reserves for anticipated losses, stockholders' equity and equivalent account;

(ii) rental obligations which, under generally accepted accounting principles, are required to be capitalized on the books of the Grantor, taken at the net amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles;

(iii) indebtedness secured by a lien or other encumbrance existing on property owned subject to such liens or encumbrances, whether or not the indebtedness secured thereby has been assumed;

(iv) guarantees, endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business) and other contingent liabilities (whether direct or indirect) in connection with the obligations, stock or dividends of any person and obligations under any contract which, in economic effect, is substantially equivalent to a guarantee;

(v) obligations under any contract providing for the making of loans, advances or capital contributions to any person, or for the purchase of the property from any person, in each case in order to enable any person primarily to maintain working capital, net worth or any other balance sheet condition or to pay debts, dividends or expenses;

(vi) obligations under any contract for the purchase of materials, supplies or other property if such contract (or any related document) requires that payment for such materials, supplies or other property shall be made regardless of whether or not delivery of such materials, supplies or other property is ever made or tendered;

(vii) obligations under any contract for the sale or use of materials, supplies or other property if such contract (or any related document) requires that payment for such materials, supplies or other property, or the use thereof, shall be subordinated to any indebtedness (of the purchaser or user of such

materials, supplies or other property) owed or to be owed to any person; and

(viii) obligations under any contract for the sale of materials, supplies or other property requiring any person to sell such materials, supplies or property in return for advanced payments other than obligations to deliver such materials, supplies or property within a three month period from such advanced payment; all as determined in accordance with generally accepted accounting principles.

"Obligations" shall mean (i) all the unpaid principal amount of, and accrued interest on, the Note in accordance with the terms thereof and all other obligations and liabilities of Grantor to Grantee, now existing or hereafter incurred, under, with respect to or in connection with the Note, (ii) any sums advanced or reasonable expenses or costs incurred by Grantee (or any receiver appointed hereunder) which are made or incurred pursuant to, or permitted by, the terms hereof, plus interest thereon at the rate herein specified or otherwise agreed upon, from the date of the advances or the incurring of such expenses or costs until reimbursed, (iii) any extensions, modifications, renewals and amendments of any such indebtedness, sums, expenses or costs described in subparagraphs (i) and (ii) above, whether or not Grantor executes any extension agreements, renewal notes or renewal security instruments; and (iv) any and all other indebtedness and obligations of Grantor to Grantee whether now existing or hereafter arising, including, without limitation all obligations of Grantor to Grantee under the Purchase Agreement or this Mortgage.

"Primary Lenders" shall mean any one or more lenders or other entities, or any successors, assigns, replacements or substitutions thereof, providing any financing or replacement financing in connection with the acquisition by Grantor of the Purchased Assets.

"Proceeds" shall have the meaning assigned to it under the Wisconsin Uniform Commercial Code and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Grantor from time to time with respect to any of the Premises, (ii) any and all payments (in any form whatsoever) made or due and payable to Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Secured Property by any governmental body, authority, bureau or agency (or any person acting under color of governmental authority), and (iii) any and

all other amounts from time to time paid or payable under or in connection with any of the Personal Property.

ARTICLE II

SECURITY AGREEMENT; ASSIGNMENT OF RENTS, ISSUES AND PROFITS; NOTE

2.01 Security Interest. Grantor hereby grants to Grantee a security interest in the Personal Property, including all Proceeds thereof, for the purpose of securing all obligations of Grantor contained in the Note and this Mortgage.

2.02 Assignment of Rents. Grantor hereby assigns and transfers to Grantee all the rents, issues and profits of the Premises, and hereby gives to and confers upon Grantee the right, power and authority to collect such rents, issues and profits. Grantor irrevocably appoints Grantee its true and lawful attorney-in-fact, at the option of Grantee at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Grantor or Grantee, for all such rents, issues and profits and apply the same to the indebtedness secured hereby; provided, however, that Grantor shall have the right to collect such rents, issues and profits (but not more than 30 days in advance) prior to or at any time there is not an event of default under any of the Loan Instruments which remains uncured and continuing. The assignment of the rents, issues and profits of the Premises in this Article II is intended to be an absolute assignment from Grantor to Grantee and not merely the passing of a security interest.

2.03 Collection Upon Default. Upon any event of default under any of the Loan Instruments, Grantee may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Premises, or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby. The collection of such rents, issues and profits, or the entering upon and taking possession of the Premises, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

2.04 Assignment of Leases. Grantor agrees to assign and transfer to Grantee as additional security for the payment of the indebtedness secured hereby, all present and future leases

upon all or any part of the Premises and to execute and deliver, at the request of Grantee, all such further assurances and assignments in the Premises as Grantee shall from time to time require, subject to Grantor's ability to effect an assignment thereof in favor of Grantee. In the event Grantor, as additional security, has sold, transferred and assigned, or may hereafter sell, transfer and assign, to Grantee, its successors and assigns, any interest of Grantor as lessor in any lease or leases, Grantor expressly covenants and agrees that if Grantor, as lessor under said lease or leases so assigned, shall fail to perform and fulfill any term, covenant, condition or provision in said lease or leases, or any of them, on Grantor's part to be performed or fulfilled, at the times and in the manner in said lease or leases provided, or if Grantor shall suffer or permit to occur any breach or default under the provisions of such assignment of lease or leases, then and in any such event, Grantee may, but shall not be obligated to, pay any amounts or take any other action reasonably necessary to cure or remedy such breach or default. Any amounts expended by Grantee in curing or remedying any such breach or default shall be added to and become a part of the Secured Indebtedness, shall bear interest at the Default Rate set forth in the Note and shall be due and payable by Grantor to Grantee on demand.

2.05 Grantee's Right of Possession in Case of Default.
In any case in which under the provisions of this Mortgage, Grantee has a right to institute foreclosure proceedings, whether before or after the whole principal sum secured hereby is declared to be immediately due, or whether before or after sale thereunder, forthwith, upon demand of Grantee, Grantor shall surrender to Grantee, and Grantee shall be entitled to take actual possession of the Premises or any part thereof personally, or by its agent or attorneys. In such event Grantee in its discretion may, with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of said Premises, together with all documents, books, records, papers and accounts of Grantor or then owner of the Premises relating thereto, and may exclude Grantor, its agents or servants, wholly therefrom, and may as attorney-in-fact or agent of Grantor, or in its own name as Grantee and under the powers herein granted, hold, operate, manage and control the Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns, may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues and profits of the Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, and with full power:

(a) to cancel or terminate any lease or sublease for any cause or on any ground which would entitle Grantor to cancel the same;

(b) to elect to disaffirm any lease or sublease which is then subordinate to the interest created by this Mortgage;

(c) notwithstanding any provision of this Mortgage to the contrary, to extend or reasonably modify any then existing leases and to make new leases, provided any such extensions and new leases may not extend beyond the later of any applicable redemption period or foreclosure sale of the Premises without the prior written consent of Grantor which consent shall not unreasonably be withheld;

(d) to make all necessary or proper repairs, renewals and replacements to the Premises as reasonably necessary;

(e) to insure and reinsure the same and all risks incidental to Grantee's possession, operation and management thereof; and

(f) to receive all of such avails, rents, issues and profits; hereby granting full power and authority to exercise each and every one of the rights, privileges and powers herein granted at any and all times hereafter, without notice to Grantor.

Grantee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases. Grantor shall and does hereby agree to indemnify and hold Grantee harmless of and from any and all liability, loss or damage which it may or might incur under said leases by reason of any alleged breach by Grantor of its obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases prior to Grantor's taking possession of the Premises or any part thereof pursuant to this Section 2.05. Should Grantee incur any such liability, loss or damage, under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys fees, shall be secured hereby, and Grantor shall reimburse Grantee therefor immediately upon demand.

2.06 Application of Income Received by Grantee. Grantee, in the exercise of the rights and powers hereinabove conferred upon it by Section 2.02 through Section 2.05 hereof, shall have full power to use and apply the avails, rents, issues and profits of the Premises to the payment of or on account of the following, in such order as Grantee may determine:

(a) to the payment of the reasonable operating expenses of the Premises, including cost of management and leasing thereof (which shall include reasonable compensation to Grantee and its agent or agents, if management be delegated to an agent or agents and shall also include lease commissions and other compensation and expense of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized;

(b) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises;

(c) to the payment of all repairs, renewals, replacements, of the Premises, and of placing the Premises in such condition as will, in the judgment of Grantee, make it readily rentable;

(d) to the payment of any indebtedness secured hereby or any deficiency which may result from any foreclosure sale; and

(e) the excess, if any, shall be payable to Grantor.

2.07 Maturity. The principal amount of the Note will be due on December 31, 2001.

2.08 Interest. Interest on the unpaid principal amount of the Note shall be at the annual rate of 9% and shall be payable annually within 60 days after the anniversary of the effective date of the Rail Transportation and Services Agreement between Packaging Corporation of America and Grantor dated December 31, 1991 ("Transportation Agreement"); provided however, that all or a portion of the interest which would otherwise be payable on each Note shall be forgiven by Grantee as follows,

(a) If the total tonnage of freight delivered into and out of the paper mill located at Tomahawk, Wisconsin owned by PCA as of the date hereof (the "Mill") during any year ("Grantor's Tonnage") is less than the Minimum Tonnage for the Mill, then all interest payable on the Note relating to the Mill which would otherwise be payable on the next interest payment date shall be forgiven. As used herein, "Minimum Tonnage" shall mean 594,000 tons.

(b) If the Minimum Tonnage is attained during any year, then the Grantor shall pay interest on the next interest payment date on the Note in an amount equal to (i) 80% of the difference between the Minimum Tonnage and Grantor's Tonnage multiplied by (ii) Grantor's Revenue per Ton for such year; provided however, that the annual interest payment on the Note shall not exceed \$257,580 ("Maximum Amount of Interest"), and the difference between

the interest payable as provided in this subsection 2.08(b) and the Maximum Amount of Interest shall be forgiven by PCA.

As used herein, the term "Grantor's Revenue per Ton" shall mean the gross revenues received by Grantor for Grantor's Tonnage for such year, divided by the Grantor's Tonnage for such year.

2.09 Payment. Payment of interest and principal will be made by wire transfer in U.S. dollars to an account to be designated by Grantee. In the event that Grantor fails to pay any interest or principal within 30 days after the due date as provided herein, Grantee may offset the amount of such payments against amounts owed by Grantor to Grantee under the Transportation Agreement.

2.10 Prepayment. The Note may be prepaid in whole at any time, or in part from time to time, upon not less than 30 days' notice to Grantee and PCA by paying the principal amount to be prepaid together with accrued interest to the date of prepayment.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Grantor hereby represents and warrants to Grantee as set forth below:

3.01 Organization and Qualification. Grantor is a limited partnership validly existing and in good standing under the laws of the State of Wisconsin, with full partnership power to own and lease its properties and carry on its respective business as presently conducted.

3.02 Authority Relative to Agreement. Grantor has the partnership power and authority to enter into this Mortgage and the Note and to carry out its obligations hereunder and thereunder. The execution and delivery of this Mortgage and the Note and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary partnership action on the part of Grantor. This Mortgage and the Note constitute valid and binding obligations of Grantor enforceable against Grantor in accordance with their respective terms except (i) that such enforcement may be limited by bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights and (ii) that the remedy of specific performance and injunctive and other form of equitable relief are subject to certain equitable defenses and to the discretion of the court before which any proceedings therefore may be brought. Neither the execution and delivery of this Mortgage and the Note by Grantor, the consummation by Grantor of the transactions contemplated hereby or thereby, nor compliance by

Grantor with the terms and provisions of this Mortgage and the Note will (i) conflict with or violate any of the terms, provisions or conditions of the certificate of limited partnership or partnership agreement of Grantor or (ii) constitute a breach, default or violation of, or result in the creation of any mortgage, lien, pledge, charge, security interest or other encumbrance in respect of any property of Grantor, including the Premises, under, any indenture, mortgage, deed of trust, loan or credit agreement or any other agreement, document, instrument, governmental permit or license, or any judgment, decree or court order, to which Grantor is subject. To the knowledge of Grantor, no authorization, consent or approval of, or filing with, any public body or authority or any other person or entity is necessary for the consummation by Grantor of the transactions contemplated by this Mortgage.

3.03 Financial Condition. Grantor is solvent, able to pay its respective debts as they mature and has capital sufficient to carry on its business and the Business. Grantor is not in default in the payment of the principal of or interest on any Indebtedness or under any instrument or agreement under which any Indebtedness has been issued, and no event has occurred under the provisions of any such instrument or agreement which with or without the lapse of time or the giving of notice, or both, constitutes or would constitute an event of default thereunder.

3.04 Encumbrances. Except for Permitted Exceptions, no mortgage, security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Premises has been filed of record in any public office by Grantor, except such as may have been filed by Grantor in favor of Grantee pursuant to this Mortgage.

3.05 Place of Business. Grantor's principal place of business and the place where its records concerning the Premises are kept is 2605 Thomas Drive, Panama City, Florida 32408. Grantor will not change such principal place of business or remove such records without 20 days' prior written notice to Grantee. Except as otherwise set forth on Schedule 3.05, the Personal Property shall be kept on the Property, and Grantor will not permanently remove any part of the Personal Property without the express prior written consent of Grantee.

3.06 Lien. This Mortgage constitutes a valid and continuing lien on and security interest in the Premises in favor of Grantee, subject to the first lien and security interest in favor of the Primary Lender to be hereinafter granted. Except for such liens and security interests in favor of the Primary Lender and subject to the condition of title to the Premises received from Grantee, this Mortgage constitutes a

valid and continuing lien on and security interest in the Premises in favor of Grantee, prior to all other encumbrances except for Permitted Exceptions, and is enforceable as such as against creditors of and purchasers from Grantor and as against any owner of the real property where any of the Personal Property is located and as against any purchaser of such real property.

3.07 Litigation. As of the date hereof, there is no action, suit, investigation or proceeding pending or, to the knowledge of Grantor, threatened against or affecting Grantor or any properties or rights of Grantor before any court, arbitrator, or administrative or governmental body which might result in any material adverse change in the business, financial condition or operations of Grantor taken as a whole or which would affect Grantor's ability to grant an enforceable security interest as provided herein. Grantor is not in default with respect to any order, writ, injunction or decree of any federal, state or other court or agency.

3.08 Taxes. Grantor has filed all Federal and state income tax returns which, to the best knowledge of Grantor, are required to be filed, and has paid all taxes as shown on said returns and on all assessments received by it to the extent that such taxes and assessments have become due.

3.09 Subsidiaries. Grantor does not have, directly or indirectly, any subsidiaries and does not control, directly or indirectly, any other corporation, joint venture, partnership or other legal entity.

ARTICLE IV

COVENANTS

Grantor covenants and agrees with Grantee that from and after the date of this Mortgage and until the Obligations are fully satisfied as follows:

4.01 Payment of the Note. Grantor shall punctually pay, or cause to be paid, all sums required to be paid by Grantor hereunder or under the Note, according to the terms hereof or thereof.

4.02 Maintenance of Existence; Compliance with Laws. Grantor will preserve and keep in full force and effect its existence, rights and privileges as a limited partnership under the laws of the State of Wisconsin, will comply with all laws, ordinances, governmental rules and regulations to which it is subject and will obtain all licenses, permits, franchises or other governmental authorizations necessary to the conduct of its business and the operation of the Premises.

4.03 Records; Financial Statements. (a) Grantor will (i) keep adequate records and books of account reflecting all financial transactions of Grantor in accordance with generally accepted accounting principles consistently applied, and (ii) permit Grantee upon reasonable advance notice and at its own expense, personally or by its agents, accountants and attorneys, to examine the financial records of Grantor, except for such records as contain proprietary information, during normal business hours to make copies of extracts of such records and books and to discuss its affairs, finances and accounts with its accountants and the officers of Grantor at such time or times as may be reasonably requested by Grantee.

(b) Grantor shall deliver to Grantee:

(i) as soon as available and in any event within 45 days after the end of the first, second and third quarterly accounting periods of each fiscal year of Grantor, an unaudited balance sheet of Grantor as at the last date of such quarterly period and of the related statements of income, retained earnings and cash flow of Grantor for such quarterly accounting period and (in the case of the second and third quarterly periods) for the portion of the fiscal year ended with the last day of such quarterly period, setting forth in each case in comparable form the corresponding figures from the preceding fiscal year, if any, all in accordance with generally accepted accounting principles consistently applied in accordance with Grantor's historical accounting practices, and certified by a financial officer of Grantor;

(ii) as soon as available but in any event within 120 days after the end of each fiscal year of Grantor beginning with 1991, a balance sheet of Grantor as at the end of such year and of the related statements of income, retained earnings and cash flow of Grantor for such year, setting forth in each case in comparative form corresponding figures for the preceding fiscal year, if any, all in accordance with generally accepted accounting principles and certified by an independent certified public accountant selected by Grantor;

(iii) with reasonable promptness, such other financial data and information relating to Grantor, as Grantee may reasonably request.

Grantor shall deliver to Grantee, together with each delivery of financial statements required by clause (b)(ii) above, an officer's certificate of Grantor to the effect that such officer has reviewed the relevant terms of this Mortgage and has made, or caused to be made under his or her supervision, a review of the transactions and conditions of Grantor during such fiscal period, and that such review has not disclosed the existence during such period of any Event of Default or

Default, or if any such Event of Default exists or existed, specifying the nature thereof, the period of existence thereof and what action Grantor is taking or has taken with respect thereto. In addition, Grantor shall promptly upon Grantor obtaining knowledge of an Event of Default under this Mortgage, deliver to Grantee an officer's certificate specifying the nature thereof, the period of existence thereof, and what action Grantor proposes to take with respect thereto.

4.04 Maintenance of Lien. (a) Grantor will forever warrant and defend the title (as acquired from Grantee) to and possession of the Premises subject to Permitted Exceptions. Grantor shall from time to time execute or cause to be executed any and all further instruments (including financing statements, continuation statements and similar statements with respect to any of said documents) and perform such other acts as required by law or reasonably requested by Grantee in order to preserve Grantee's security interest in and the lien on the Premises.

(b) Grantor shall cooperate with Grantee in the filing of continuation statements required to be filed with respect to said documents.

(c) Except for attorney's fees, which shall be borne by the party incurring such fees, Grantor will pay all taxes and fees incident to the filing, registration and recording and re-filing, re-registration and re-recording of such instruments, and all expenses incident to the recording of this Mortgage and any instrument of further assurance, including any financing statement, and all Federal, State or municipal stamp taxes and other taxes, duties and charges arising out of or in connection with the execution and delivery of the Note, this Mortgage and such instruments of further assurance.

4.05 Payment of Obligations. Grantor will pay promptly when due, all taxes, assessments and governmental charges or levies imposed upon the Premises or in respect of its income or profits therefrom, as well as all claims of any kind (including claims for labor, materials and supplies), except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any material portion of the Premises or any material interest therein and (iii) such charge is adequately reserved against in accordance with generally accepted accounting principles. In the event Grantor is contesting any such charge, Grantor shall give Grantee written notice of all such contests.

4.06 Compliance with Contractual Obligations. Grantor will perform and comply in all material respects with material contracts and all other contractual obligations relating to the Premises.

4.07 Limitations on Dispositions of Premises. Grantor will not sell, transfer, lease or otherwise dispose of any of the Premises or attempt, offer or contract to do so, except in the ordinary course of business, without the prior written consent of Grantee.

4.08 Further Identification of Premises. Grantor will furnish to Grantee statements and schedules further identifying and describing the Premises and such other reports in connection with the Premises as Grantee may reasonably request from time to time, all in reasonable detail.

4.09 Right of Inspection. Grantee shall at all reasonable times and upon reasonable notice to the Grantor have full and free access during normal business hours to all the financial records of Grantor, except for such records which contain proprietary information of Grantor, to the extent such records relate to the Premises, and Grantee or its representatives may examine the same, take extracts therefrom and make photocopies thereof, and Grantor agrees to render to Grantee, at Grantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. Grantor agrees to maintain the confidentiality of such records. Grantee and its representatives shall at all times also have the right to enter into and upon any premises where any of the Personal Property is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein.

4.10 Consolidations, Mergers and Sale of Assets. Grantor will not merge or consolidate with any other entity or sell, lease, transfer or otherwise dispose of its property and assets as, or substantially as, an entirety to any entity, except for mergers or consolidations with or sales, leases, transfers or other dispositions to any affiliate of Grantor or any entity controlled by any limited partner of Grantor, without the prior written consent of Grantee.

4.11 Limitation on Distributions. Without the express written consent of Grantee, Grantor will not, during any fiscal year of the Grantor pay any salary, bonus or other compensation to any officer, employee, agent or consultant which is under the circumstances outside the ordinary course of business.

4.12 Limitations on Debt. Grantor will not, and will not permit any entity controlled by it to, incur, guarantee, assume (by merger or otherwise) or otherwise become liable in respect of, any Indebtedness other than (i) the Note, (ii) Indebtedness for working capital in an amount at any time outstanding which is not greater than 100% of the face amount of trade accounts receivable owing to Grantor in the ordinary course of business and which are not unpaid over 90 days from the date of invoice, (iii) Indebtedness for monies borrowed or incurred by Grantor the proceeds of which are used to repay the Note (iv)

Indebtedness secured by a third party purchase money security interest or (v) other unsecured Indebtedness not to exceed \$2,000,000.

4.13 Other Negative Covenants. Except with the written consent of Grantee, Grantor shall not:

- (i) issue or sell any securities; or
- (ii) enter into any transaction outside the ordinary course of its business.

4.14 Maintenance. Grantor shall keep and maintain the Premises in good condition and repair except for normal wear and tear.

4.15 Insurance; Payments for a Loss. (a) Grantor shall maintain liability insurance in connection with the Premises, in such forms, with companies and in amounts as are customary in the railway industry, and shall deliver to Grantee a certificate of insurance and, at Grantee's request, copies of all policies.

(b) Grantor shall not settle or adjust any claim for damage or destruction to the Premises in excess of \$50,000 under such insurance policies or agree with the insurance company or companies on the amount to be paid for any such claim without the consent of Grantee.

(c) Payment for any loss under any policy of insurance covering damage or destruction to the Premises in excess of \$50,000 shall be payable to Grantee.

4.16 Application of Casualty Insurance. Any moneys held by Grantee constituting insurance proceeds received by Grantee in respect of any loss or damage to, or destruction of, the Premises, shall, so long as no Event of Default shall have occurred and be continuing, be disbursed to or upon the order of Grantor for the repair, restoration or replacement of the Premises so lost, damaged, destroyed, taken or purchased, as the case may be (the "Affected Property").

(b) Moneys held by Grantee hereunder which constitute insurance proceeds and which shall not have been previously disbursed as provided in subsection (a) of this Section within a period of one year after the date of deposit thereof shall be applied in accordance with Section 6.03 hereof.

4.17 Compliance with ERISA. Grantor shall not, and shall cause any entities controlled by it not to, (a) permit any termination, within the meaning of Title IV of Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA"), of any employee benefit plan (including, without limitation, multiemployer plans) which is maintained by

Grantor or any of its subsidiaries and covered by Title IV of ERISA so as to result in any material liability to the Pension Benefit Guaranty Corporation, (b) engage in any "prohibited transaction" (as defined in § 4975 of the Internal Revenue Code of 1954, as amended) involving any such plan that might result in a material liability for an excise tax or civil penalty in connection therewith or (c) incur or suffer to exist any material accumulated funding deficiency (as defined in § 302 of ERISA), whether or not waived, involving any such plan.

4.18 Notice of Material Litigation. Grantor shall promptly give notice in writing to Grantee of all litigation or proceedings before any governmental regulatory agency instituted against or affecting the lien hereof, the Premises, or any part thereof.

ARTICLE V

Events of Defaults

5.01 Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) Grantor shall fail to pay within 15 days of the due date thereof any principal of the Note or any such other Obligation, including any loan made by the Primary Lenders;

(b) Grantor shall fail to pay within 15 days of the due date thereof any interest, fees or other amounts payable under the Note or any such other Obligation, including the loan made by the Primary Lenders;

(c) Grantor or any entity controlled by it shall fail to observe or perform (i) any covenant contained in Sections 4.04(a), 4.12 and 4.13 of the Mortgage or (ii) any other covenant or agreement contained in this Mortgage (other than those covered by clause (a) or (b) above) for 15 days after Grantor has become aware of such default;

(d) any representation, warranty or certification made by Grantor in this Mortgage shall prove to have been incorrect in any material respect when made;

(e) Grantor shall default in the payment of principal of or interest on any Indebtedness for money borrowed now or hereafter outstanding beyond any period of grace provided with respect thereto, or Grantor shall default in the performance of any other agreement, term or condition contained in any agreement under which any such Indebtedness is created (or if any other default under any such agreement shall occur and be continuing) if the

effect of any such default described in this subsection is to cause all or any part of such Indebtedness to become due prior to its stated maturity;

(f) Grantor shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(g) an involuntary case or other proceeding shall be commenced against Grantor seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstated for a period of 60 consecutive days; or an order for relief shall be entered against Grantor under the federal bankruptcy laws as now or hereafter in effect; or

(h) the failure of Grantor or any entity controlled by it to pay and discharge any judgment for the payment of money in an amount in excess of \$50,000 rendered against Grantor or to provide for its discharge in accordance with its terms or to procure a stay of execution thereon within 30 days from the entry thereof, or within said period of 30 days, or such longer period during which execution on such judgment shall have been stayed, to appeal therefrom or from the order, decree, or process upon which or pursuant to which said judgment shall have been granted, passed or entered and to cause the execution thereof to be stayed during such appeal.

then, and in every such event, Grantee may, by notice to the Grantor, declare the Note and other Obligations (together with accrued interest thereon) to be, and the Note shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Grantor; provided that in the case of any of the Events of Default specified in clause (g) or (h) above, without any notice to Grantor or any other act by Grantee, the Note (together with accrued interest thereon) shall become

immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Grantor. Grantee shall, upon the occurrence of an Event of Default, have the right to proceed with such other rights and remedies herein provided.

ARTICLE VI

REMEDIES

6.01 Remedies of Grantee. If the Obligations are paid and performed as and when the same become due and all amounts payable under the Note are fully paid, then this conveyance shall thereupon become of no further force and effect and shall be released by Grantee or other holder(s) of the Obligations upon the written request and at the expense of Grantee or its assignee. Until such time, if an Event of Default occurs the Grantor has the right to operate the Business in the ordinary course except as set expressly forth herein. But in case there occurs any default in the payment of any Obligation, in whole or in part, as and when the same is or becomes due, in whatever way the maturity thereon may be brought about, or if there shall occur any other Event of Default as defined in Article V hereunder that remains unremedied, then Grantee may, at its election following the expiration of 15 days of written notice thereof by Grantee to Grantor, exercise any or all of the following rights, remedies and recourses:

(a) Either in person or by agent, with or without bringing any action or proceeding, enter upon and take possession of the Premises, or any part thereof, in its own name, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Premises, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Premises, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same in accordance with Section 2.06 hereof. The entering upon and taking possession of the Premises, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Premises or the collection, receipt and application of rents, issues or profits, Grantee shall be entitled to exercise every right provided for in any of the Loan Instruments or by law upon occurrence of any event of default, including the right to exercise the power of sale;

(b) Sell and dispose of the Premises at public auction, at the usual place for conducting sales at the courthouse in the county where the Premises or any part thereof may be, to the highest bidder for cash, first advertising the time, terms and place of such sale by publishing a notice thereof once a week for four consecutive weeks (without regard to the actual number of days) in a newspaper in which sheriff's advertisements are published in said county, all other notice being hereby waived by Grantor; and Grantee may thereupon execute and deliver to the purchaser at said sale a sufficient conveyance of the Premises in fee simple, which conveyance may contain recitals as to the happening of the default upon which the execution of the power of sale, herein granted, depends, and said recitals shall be presumptive evidence that all preliminary acts prerequisite to said sale and deed were in all things duly complied with; and Grantee, its agents, representatives, successors or assigns, may bid and purchase at such sale; and Grantor hereby constitutes and appoints Grantee or its assigns agent and attorney-in-fact to make such recitals, sale and conveyance, and all of the acts of such attorney-in-fact are hereby ratified, and Grantor agrees that such recitals shall be binding and conclusive upon Grantor and that the conveyance to be made by Grantee, or its assigns, (and in the event of a deed in lieu of foreclosure, then as to such conveyance) shall be effectual to bar all right, title and interest, equity of redemption, including all statutory redemption, homestead, dower, curtesy and all other exemptions of Grantor, or its successors in interest, in and to said Premises; and Grantee, or its assigns, shall collect the proceeds of such sale, applying such proceeds as provided in Section 6.03 (in the event of deficiency, Grantor shall immediately on demand from Grantee pay over to Grantee, or its nominee, such deficiency); and Grantor agrees that in case of a sale, as herein provided, Grantor or any person in possession under Grantor shall then become and be tenants holding over, and shall forthwith deliver possession to the purchaser at such sale, or be summarily dispossessed in accordance with the provisions of law applicable to tenants holding over; the power and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise, and are in addition to any and all other remedies which Grantee may have at law or in equity;

(c) Exercise any or all of the remedies available to a secured party under the Wisconsin Uniform Commercial Code, including, but not limited to:

(1) Either personally or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Grantor and all others claiming under Grantor, and thereafter

hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Grantor in respect to the Personal Property or any part thereof; and in the event Grantee demands or attempts to take possession of the Personal Property in the exercise of any rights under any of the Loan Instruments, Grantor promises and agrees to promptly turn over and deliver complete possession thereof to Grantee;

(2) Without notice to or demand upon Grantor, make such payments and do such acts as Grantee may deem necessary to protect its security interest in the Personal Property, including without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith;

(3) Require Grantor to assemble the Personal Property or any portion thereof, at a place designated by Grantee and reasonably convenient to both parties, and promptly to deliver such Personal Property to Grantee, or an agent or representative designated by it. Grantee, and its agents and representatives, shall have the right to enter upon any or all of Grantor's premises and property to exercise Grantee's rights hereunder; or

(4) Sell, lease or otherwise dispose of the Personal Property at public sale, with or without having the Personal Property at the place of sale, and upon such terms and in such manner as Grantee may determine. Grantee may be a purchaser at any such sale.

(5) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Grantee shall give Grantor at least ten (10) days prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof.

6.02 Foreclosure; Expense of Litigation. Grantor covenants and agrees to pay to Grantee all reasonable expenditures and expenses which may be paid or incurred by or on behalf of Grantee for attorneys' fees, appraiser's fees, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies,

Certificates of Title, either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the interest of this Mortgage, including the reasonable fees of any attorney employed by Grantee in any litigation or proceeding affecting this Mortgage, the Note or the Premises, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Grantor, with interest thereon at the rate of interest provided in the Note, and shall be secured by this Mortgage.

6.03 Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, all other items which under the terms hereof constitute Secured Indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; and fourth, any overage to Grantor, its successors or assigns, as their rights may appear.

6.04 Appointment of Receiver. Upon the occurrence of an event of default, Grantee, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right to the appointment of a receiver of the Premises, whether or not Grantee shall simultaneously exercise any of its other rights and remedies hereunder. Such appointment may be made without notice, without giving bond, without regard to the solvency or insolvency of Grantor or any other party liable for payment of the Secured Indebtedness at the time of application for such receiver and without regard to the then value or occupancy of the Premises, and Grantee or any other holder hereof may be appointed as such receiver. Grantor hereby irrevocably consents to the appointment of such receiver and waives all notice thereof. Such receiver shall have the power to collect the rents, income, issues and profits of the Premises and to apply the same in whole or in part to the reduction of the Secured Indebtedness, and to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Secured Indebtedness and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding

upon Grantor and all persons whose interests in the Premises are subject to this Mortgage. Such receiver shall have all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises.

6.05 Withdrawal or Discontinuance of Proceedings. In case Grantee shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise or in the event Grantee shall have commenced advertising the intended exercise of the right of foreclosure provided hereunder, and such proceeding or advertisement shall have been withdrawn, discontinued or abandoned for any reason, or shall have been determined adversely to Grantee, then in every such case (i) Grantor and Grantee shall be restored to their former positions and rights, (ii) all rights, powers and remedies of Grantee shall continue as if no such proceeding had been taken, (iii) each and every event of default declared or occurring prior or subsequent to such withdrawal, discontinuance or abandonment shall and shall be deemed to be a continuing event of default, and (iv) this Mortgage, the Note, the Secured Indebtedness, or any other instrument concerned therewith, shall not be and shall not be deemed to have been reinstated or otherwise affected by such withdrawal, discontinuance or abandonment, and Grantor hereby expressly waives the benefit of any statute or rule of law now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the above.

6.06 Remedies Not Exclusive. Grantee shall be entitled to enforce payment and performance of any indebtedness or obligation secured hereby and to exercise all rights and powers under this Mortgage, under any Loan Instrument or other agreement and under any laws now or hereafter in force, notwithstanding some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by deed to secure debt, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement whether by court action or other power herein contained shall prejudice or in any manner affect Grantee's right to realize upon or enforce any other security now or hereafter held by Grantee, it being agreed that Grantee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Grantee in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to Grantee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Instruments to Grantee, or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time and

9.08 Non-Assignability Except as provided in this Section 9.08 neither of the parties may assign this Mortgage in whole or in part without the prior written consent of the other party. Either party hereto may assign part or all of the duties, rights and obligations of such party under this Mortgage to an entity under a common ownership with the assignor without the prior written consent of the other party hereto. Written notice of any such permitted assignment shall be made by the assignor to the other party to this Agreement as provided herein.

IN WITNESS WHEREOF, this Premises has been duly executed and sealed by Grantor as of the day and year first above written.

Signed, sealed and delivered in the presence of:

Linda Gray
Unofficial Witness

TOMAHAWK RAILWAY, LIMITED
PARTNERSHIP, a Wisconsin
Limited Partnership

Claudia A. Thompson
Notary Public

By: RAIL MANAGEMENT AND
CONSULTING CORPORATION,
its general partner

My Commission Expires:

11-12-95

By: [Signature]
Title: President

Attest: [Signature]
Title: Assistant Secretary

[CORPORATE SEAL]

I, Dow T Huskey, certify that I am
ASSIST. SECRETARY of Rail Management and Consulting
Corporation, that the seal affixed to the foregoing instrument
is the corporate seal of said corporation, that the instrument
was signed and sealed on behalf of the corporation as general
partner of Tomahawk Railway, Limited Partnership by authority
of the corporation's Board of Directors, and that I
acknowledge that the execution of the foregoing instrument was
the free act and deed of the corporation. I further declare
under penalty of perjury that the foregoing is true and
correct. Executed on June 26th, 1992.

Dow T Huskey
Name: Dow T. Huskey

0172d

LEGAL DESCRIPTION

A strip, belt or piece of land one hundred (100) feet wide, having one half of such width upon each side of the center line of the main track of the railroad of the Marinette, Tomahawk and Western Railroad Company, a Wisconsin Corporation, as now owned, used, occupied, located, established or extending over, across and through Sections Nine (9), Sixteen (16), Twenty-one (21), Twenty-eight (28), Twenty-nine (29), Thirty-two (32), Thirty-three (33), Thirty-five (35) and Thirty-six (36) in Township Thirty-five (35) North of Range Six (6) East; and Section Three (3), Four (4), Five (5), Nine (9) and Ten (10) in Township Thirty-four (34) North of Range Six (6) East.

Also all parcels of land used or occupied by said Marinette, Tomahawk and Western Railroad Company for railroad terminal purposes at the point of connection between the railroads of said Marinette, Tomahawk and Western Railroad Company and the Minneapolis, St. Paul and Sault St. Marie Railway Company sometimes called "Soo Company" in the town of Bradley in Lincoln County, Wisconsin, said parcels of land so used and occupied being in Section Nine (9) Township Thirty-five (35) North of Range Six (6) East; and also any and all other land now owned, used or occupied by Marinette, Tomahawk and Western Railroad Company, whether presently connected with the operation of its railroad or not.

That Part of the Northeast Quarter Southwest Quarter (NE $\frac{1}{4}$ SW $\frac{1}{4}$) and a part of Government Lot Seven (7) in Section Thirty-three (33), Township Thirty-five (35) North of Range Six (6) East, Lincoln County, Wisconsin, as set out in Vol. 460 of Records, page 473 as Document No. 307282.

EXCEPT THE FOLLOWING:

That part of the Southwest Quarter of the Southeast Quarter (SW $\frac{1}{4}$ SE $\frac{1}{4}$) and Government Lot Seven (7) in Section 33-35N-6E., as set out in Vol. 156 of Deeds, page 240 as Document No. 151344 and Vol. 158 of Deeds, page 491 as Document No. 154888 From Marinette, Tomahawk & Western Railroad Company to National Container Corporation of Wisconsin; that part of the Northeast Quarter of the Southwest Quarter (NE $\frac{1}{4}$ SW $\frac{1}{4}$) and Government Lot Seven (7) in Section 33-35N-6E., as set out in Vol. 290 of Records, page 552 as Document No. 222351, from Marinette, Tomahawk and Western Railroad Company to William P. Piehl, Jr. and Frances Kernien Piehl, d/b/a Raymond Lumber Company, Vol. 403 of Records, page 462 as Document No. 280510, from Marinette, Tomahawk & Western Railroad Company to Owens-Illinois, Inc.; and any real estate in the Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$) and Northwest Quarter of the Northeast Quarter (NW $\frac{1}{4}$ NE $\frac{1}{4}$) and Government Lots One (1), Two (2) and Three (3) in Section 9-34N-6E., as set out in Vol. 460 of Records, page 474 as Document No. 307283, from Marinette, Tomahawk & Western Railroad Company to Nekoosa Packaging Corporation.

(CONTINUED ON THE NEXT PAGE)

LEGAL DESCRIPTION (CONTINUED)

EXCEPT the following easements, grantor is the MARINETTE, TOMAHAWK & WESTERN RAILROAD COMPANY:

Grantee: GENERAL TELEPHONE COMPANY OF WISCONSIN recorded in Vol. 287 of Records, page 8 as Document No. 220640, affects the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 32-35N-6E.; Grantee: GENERAL TELEPHONE COMPANY OF WISCONSIN recorded in Vol. 287 of Records, page 13 as Document No. 220641, affects the NE $\frac{1}{4}$ SW $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 33-35N-6E.; Grantee: GENERAL TELEPHONE COMPANY OF WISCONSIN recorded in Vol. 299 of Records, page 254 as Document No. 226284, affects the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 32-35N-6E.; Grantee: LINCOLN COUNTY HIGHWAY DEPARTMENT recorded in Vol. 395 of Records, page 532 as Document No. 276493 affects Section 28-35N-6E.; Grantee EUGENE J. ZIMMERMAN AND MARGARET E. ZIMMERMAN recorded in Vol. 339 of Records, page 613 as Document No. 244995, affects part of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 4-38N-6E.; Grantee: WALTER H. SCHWAB recorded in Vol. 336 of Records, page 299 as Document No. 245332; Grantee: EVERETT LANGE recorded in Vol. 429 of Records, page 261 as Document No. 292852; Grantee: WISCONSIN PUBLIC SERVICE CORPORATION, a Wisconsin corporation, recorded in Vol. 433 of Records, page 397 as Document No. 294916, affects Government Lots 1, 2 and 3 of Section 28-35N-6E.

MTW

EXHIBIT B TANGIBLE PERSONAL PROPERTY

14 & 15

ASSET #	DESCRIPTION	YEAR ACQUIRED	BOOK COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
11-00002	RADIO EQUIPMENT	1971	5,872.64	5,872.64	0.00
11-00012	GANG CAR	1972	3,165.11	3,165.11	0.00
11-00015	HYDRAULIC POWER RIG	1978	2,743.81	2,743.81	0.00
11-00018	TAMPER SET (HAND)	1981	5,607.92	5,607.92	0.00
11-00032	HI-PRESSURE CLEANER	1980	2,150.51	1,461.14	689.37
11-00033	GANTRY CRANE	1980	7,275.86	4,938.38	2,337.48
11-00034	HYDRAULIC CART	1982	3,551.82	2,058.85	1,492.77
11-00035	AIR COMPRESSOR (QUINCY)	1981	3,582.00	2,220.78	1,341.22
11-00036	SNOWPLOW	1982	5,086.14	4,550.55	535.59
11-00042	1977 FORD PICKUP F350	1980	4,110.00	4,110.00	0.00
11-00044	3 DRAWER FILE	1974	339.45	339.45	0.00
11-00045	4 DRAWER FILE	1974	785.41	785.41	0.00
11-00047	SANDING UNIT	1983	4,470.36	3,762.25	708.11
11-00048	FIRE PROOF FILE	1985	1,275.20	895.15	380.05
11-00050	LOCOMOTIVE #83	1983	105,368.00	81,680.51	23,707.49
11-00053	FRONT END LOADER	1983	73,900.00	73,900.00	0.00
11-00054	CREW CAB TRUCK-CHEVY	1984	14,500.00	14,500.00	0.00
11-00055	BALLAST CAR #101	1984	11,114.21	5,336.30	5,777.91
11-00058	BALLAST CAR #102	1984	11,114.21	5,336.30	5,777.91
11-00058	IBM PERSONAL COMPUTER	1984	4,475.00	4,475.00	0.00
11-00059	WHEEL TURNABLE	1985	19,530.51	5,940.74	13,589.77
11-00060	TIE INSERTER	1985	25,000.00	15,208.09	9,791.91
11-00061	BOMB TRUCK-INTERNATIONAL <i>BALCO LOADER</i>	1986	7,500.00	7,500.00	0.00
11-00063	CABOOSE	1987	3,500.00	2,858.17	641.83
11-00064	DRILL PRESS	1987	4,104.11	1,860.04	2,244.07
11-00065	LOCOMOTIVE #87	1987	105,808.08	43,204.77	62,603.29
11-00067	PAX MACHINE	1987	2,948.73	1,201.35	1,747.38
11-00068	SHOP HEATING SYSTEM	1988	11,187.00	1,918.24	9,270.76
11-00069	1989 CHEVY S-19 BLAZER	1988	15,813.85	9,828.50	5,985.15
11-00080	LOCOMOTIVE #80	1980	238,144.81	238,144.81	0.00
11-01001	LAND-RIGHT OF WAY	?	3,355.08	0.00	3,355.08
11-01002	LAND-GRAVEL PIT	?	113.40	0.00	113.40
11-01003	LAND-RIGHT OF WAY	1983	1,800.00	0.00	1,800.00
11-01004	LAMPERTS YARD	1990	42,117.59	0.00	42,117.59
11-03081	GRADING-THRU 1981	?	38,892.33	17,653.81	21,038.52
11-04081	BRIDGES & CUL-THRU 1981	?	55,494.71	55,494.71	0.00
11-05081	TIES-THRU 1981	?	17,456.49	7,805.91	9,650.58
11-05082	TIES-1982	1982	39,113.48	16,918.56	22,196.92
11-05084	TIES-PFLEIFFER SIDING	1984	12,304.79	2,583.84	9,720.95
11-05184	TIES-TANNERY SIDING	1984	7,382.34	1,496.88	5,885.46
11-08081	RAIL-THRU 1981	?	182,998.55	81,827.70	101,170.85
11-08082	RAIL-1982	1982	13,005.00	5,826.14	7,378.86
11-08083	RAIL-MILN ROAD 1.5 ACRE	1983	2,580.00	2,085.50	494.50
11-08084	RAIL-PFLEIFFER SIDING	1984	8,031.53	1,686.72	6,344.81
11-08184	RAIL-TANNERY SIDING	1984	2,094.41	424.44	1,669.97
11-07081	OTHER TRACK MAT-1981	?	141,348.01	63,204.11	78,143.90
11-07082	OTHER TRACK MAT-1982	1982	33,948.78	14,695.77	19,253.01
11-07084	OTHER TRACK MAT-PFLEIFFER	1984	15,818.34	3,322.20	12,496.14
11-07184	OTHER TRACK MAT-TANNERY	1984	2,702.33	547.56	2,154.77
11-08081	BALLAST-1981	?	1,059.14	473.56	585.58
11-08082	BALLAST-1982	1982	17,192.06	7,431.96	9,760.10
11-08084	BALLAST-PFLEIFFER	1984	11,678.00	2,452.80	9,225.20

N1-08184	BALLAST-TANNERY	1984	683.18	138.51	544.67
N1-09081	TRACK LAYING & SUR-1981	?	13,743.73	6,145.83	7,597.90
N1-09082	TRACK LAYING & SUR-1982	1982	36,384.63	15,743.82	20,640.81
N1-10081	FENCE & SIGNS-1981	?	3,576.66	3,576.66	0.00
N1-10084	FENCE-SHOP AREA	1984	2,468.78	1,185.08	1,283.70
N1-10184	FENCE-INVENTORY AREA	1984	2,080.67	999.32	1,081.35
N1-11001	STATION & OFFICE	?	10,259.32	8,011.89	2,247.43
N1-13001	STEEL BUILDING	1940	1,112.98	794.03	318.93
N1-13002	FRAME BUILDING	1943	202.61	140.51	62.10
N1-13003	MACHINE SHOP	1933	2,303.69	2,023.83	279.86
N1-13004	SHOP WAREHOUSE	1949	390.44	288.82	103.62
N1-13005	BOILER ROOM ADDITION	1951	8,659.22	6,187.14	2,472.08
N1-13006	ENGINE HOUSE	1964	477.59	285.42	192.17
N1-13007	ENGINE HOUSE FRAME	1964	28,289.51	18,824.02	11,445.49
N1-13008	COMPLETE ENGINE HOUSE	1965	2,415.86	1,429.24	986.62
N1-13009	ROUND HOUSE	1980	19,855.19	8,955.22	10,899.97
N1-13010	ENG HOUSE SUMP SYSTEM	1981	4,117.58	1,814.08	2,303.48
N1-13011	WATERMAIN-SHOP & ENG HSE	1983	3,690.05	1,476.48	2,213.57
N1-15001	ELECTRIC DERAIL	1984	2,656.68	1,041.60	1,615.08
- 11-00070	1989 CUYLESS CIVRA-MGRS AUTO	1989	14,385.91	5,997.13	8,388.78
11-00071	COCHRANE AIR COMPRESSOR	1989	12,225.68	1,602.69	10,622.97
11-00072	PORTABLE AIR COMPRESSOR	1990	12,398.25	781.31	11,634.94
11-00073	SWITCH TAMPER	1990	132,305.90	8,125.81	124,180.09
11-00074	SCHRAMM RAILROAD PNEUMATRACTOR	1990	132,782.25	8,153.86	124,628.39
11-00075	HUCK BOLT MACHINE	1990	9,380.88	574.97	8,785.91
- 11-00076	FORD F800 CREWCAB	1991	101,208.75	8,442.49	92,766.26
- 11-00077	V60R LIFT TRUCK	1991	17,776.75	694.75	17,082.00
- 11-00078	1991 FORD F800 PLATFORM TRUCK	1991	25,457.82	424.30	25,033.52
11-00079	BALLAST REGULATOR	1991	57,485.37	340.18	57,155.19
- 11-00080	1991 FORD F150	1991	16,758.94	279.32	16,479.62
11-00081	PARADE FLOAT-LOCOMOTIVE	1991	4,937.25	41.14	4,896.11
11-00082	PARADE FLOAT-BOXCAR	1991	4,937.25	41.14	4,896.11
11-00083	PARADE FLOAT-WOOD GONDOLA	1991	4,937.25	41.14	4,896.11
11-00084	PARADE FLOAT-CABOOSE	1991	4,937.25	41.14	4,896.11
CONSTRUCTION IN PROGRESS-#1 FIRE BUILDING			203,180.86	717.40	202,443.40
CONSTRUCTION IN PROGRESS-#1 FIRE BUILDING			103,048.00	348.68	102,701.34

SHOULD BE:

2,355,541.09 954,597.18 1,400,943.93

CONFIDENTIAL



MARINETTE, TOMAHAWK & WESTERN RAILROAD COMPANY

(24)

21) Engine #80
Model SW-9 1200 HP EMD
Built 11-51 - Rebuilt 1980
Engine 12-567-BC -- Good Condition
Purchased by MTW used 1980 from Chrome Crankshaft &
Locomotive Sales Co.

Engine #83
Model SW1500 EMD 1500 HP
Built 1970 - MTW rebuilt engine 1986
Engine 645-E Condition Very Good
Purchased by MTW used 1983 from Minnesota Transfer
Railway Co.

Engine #87
Model SW1500 EMD 1500HP
Built 1968 - Rebuilt 1979-80
Engine 645-E Condition: Good - but needs ring job
Purchased by MTW used 1987 from National Railway

\$98.10

NORTHERN ABSTRACT & TITLE CO. INC. *24*

Certificates of Title, either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of the Premises and the maintenance of the interest of this Mortgage, including the reasonable fees of any attorney employed by Grantee in any litigation or proceeding affecting this Mortgage, the Note or the Premises, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Grantor, with interest thereon at the rate of interest provided in the Note, and shall be secured by this Mortgage.

6.03 Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, all other items which under the terms hereof constitute Secured Indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; and fourth, any overage to Grantor, its successors or assigns, as their rights may appear.

6.04 Appointment of Receiver. Upon the occurrence of an event of default, Grantee, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right to the appointment of a receiver of the Premises, whether or not Grantee shall simultaneously exercise any of its other rights and remedies hereunder. Such appointment may be made without notice, without giving bond, without regard to the solvency or insolvency of Grantor or any other party liable for payment of the Secured Indebtedness at the time of application for such receiver and without regard to the then value or occupancy of the Premises, and Grantee or any other holder hereof may be appointed as such receiver. Grantor hereby irrevocably consents to the appointment of such receiver and waives all notice thereof. Such receiver shall have the power to collect the rents, income, issues and profits of the Premises and to apply the same in whole or in part to the reduction of the Secured Indebtedness, and to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Secured Indebtedness and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding

upon Grantor and all persons whose interests in the Premises are subject to this Mortgage. Such receiver shall have all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises.

6.05 Withdrawal or Discontinuance of Proceedings. In case Grantee shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise or in the event Grantee shall have commenced advertising the intended exercise of the right of foreclosure provided hereunder, and such proceeding or advertisement shall have been withdrawn, discontinued or abandoned for any reason, or shall have been determined adversely to Grantee, then in every such case (i) Grantor and Grantee shall be restored to their former positions and rights, (ii) all rights, powers and remedies of Grantee shall continue as if no such proceeding had been taken, (iii) each and every event of default declared or occurring prior or subsequent to such withdrawal, discontinuance or abandonment shall and shall be deemed to be a continuing event of default, and (iv) this Mortgage, the Note, the Secured Indebtedness, or any other instrument concerned therewith, shall not be and shall not be deemed to have been reinstated or otherwise affected by such withdrawal, discontinuance or abandonment, and Grantor hereby expressly waives the benefit of any statute or rule of law now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the above.

6.06 Remedies Not Exclusive. Grantee shall be entitled to enforce payment and performance of any indebtedness or obligation secured hereby and to exercise all rights and powers under this Mortgage, under any Loan Instrument or other agreement and under any laws now or hereafter in force, notwithstanding some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by deed to secure debt, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement whether by court action or other power herein contained shall prejudice or in any manner affect Grantee's right to realize upon or enforce any other security now or hereafter held by Grantee, it being agreed that Grantee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Grantee in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to Grantee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Instruments to Grantee, or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time and

as often as it may be deemed expedient by Grantee, and Grantee may pursue inconsistent remedies.

6.07 Sale in Parcels. In case of any sale under this Mortgage by virtue of the exercise of the power herein granted, or pursuant to any order in any judicial proceedings or otherwise, at the election of Grantee, the Premises or any part thereof may be sold in one parcel and as an entirety, or in such parcels, manner or order as Grantee in its sole discretion may elect, and one or more exercises of the powers herein granted shall not extinguish or exhaust the power unless the entire Premises are sold or the Secured Indebtedness paid in full.

ARTICLE VII

[INTENTIONALLY OMITTED]

ARTICLE VIII

DEFEASANCE

If all amounts secured hereby shall be fully paid and the covenants herein contained shall be well and truly performed, then all of the Premises shall revert to Grantor and the entire estate, right, title and interest of Grantee shall thereupon cease; and Grantee in such case shall, upon the request of Grantor and at Grantor's cost and expense, deliver to Grantor, proper instruments acknowledging satisfaction of this instrument.

ARTICLE IX

MISCELLANEOUS

9.01 Performance by Grantee of Grantor's Obligations. If Grantor fails to perform or comply with any of its agreements contained herein and Grantee, as provided for by the terms of this Mortgage and upon notice to the Grantor, may itself perform or comply, or otherwise cause performance or compliance, with such agreement. The expenses of Grantee incurred in connection with such performance or compliance, together with interest thereon at the rate provided for in respect of the Note delivered under the Purchase Agreement, shall be payable by Grantor to Grantee on demand and shall constitute Obligations secured hereby.

9.02 Limitation on Grantee's Duty in Respect of the Premises. Beyond the use of reasonable care in the safe

custody thereof, Grantee shall not have any duty as to any of the Premises in its possession or control or in the possession or control of any agent or nominee of it or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

9.03 Notices. Any notice to Grantee or the Grantor hereunder shall be given in the manner and at the address provided in the Purchase Agreement.

9.04 Severability. Any provision of this Mortgage which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.05 No Waiver; Cumulative Remedies. Grantee shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights hereunder and no waiver shall be valid unless in writing, signed by Grantee, and then only to the extent therein set forth. A waiver by Grantee of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Grantee would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Grantee, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Mortgage may be waived, altered, modified or amended except by an instrument in writing, duly executed by the Grantor and Grantee.

9.06 Successors and Assigns; Governing Law. This Mortgage and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor, and shall inure to the benefit of Grantee and its respective successors and assigns. This Mortgage shall be governed by, and be construed and interpreted in accordance with, the laws of the State of Wisconsin, without giving effect to the conflict of laws.

9.07 Further Indemnification. Grantor agrees to pay, and to save Grantee harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Premises or in connection with any of the transactions contemplated by this Mortgage.

9.08 Non-Assignability Except as provided in this Section 9.08 neither of the parties may assign this Mortgage in whole or in part without the prior written consent of the other party. Either party hereto may assign part or all of the duties, rights and obligations of such party under this Mortgage to an entity under a common ownership with the assignor without the prior written consent of the other party hereto. Written notice of any such permitted assignment shall be made by the assignor to the other party to this Agreement as provided herein.